

(Washington, D.C.)-- House Judiciary Committee John Conyers, Jr. (D-MI) and Commercial and Administrative Law Subcommittee Chairwoman Linda Sánchez (D-CA) today announced their plan to introduce legislation allowing homeowners facing foreclosure to protect their homes in bankruptcy. It would correct a 30-year-old anomaly in the Bankruptcy Code allowing the modification of nearly all loans except a family's home.

Despite the passage of the financial rescue package empowering the Treasury Department to help homeowners facing foreclosure, this Administration has instead spent billions of taxpayer dollars to finance mergers, executive bonuses and spa treatments for bank executives.

"No one disputes that the failure of the mortgage market has been the primary source of our present economic turmoil," said Conyers. "Yet, day after day we hear that home foreclosures are increasing while housing prices are declining. For nearly two years, the banking industry has said, 'Trust us, we'll solve the problem we created. We'll work with homeowners to modify their mortgage obligations.' And, for nearly two years, the Bush Administration has told us it can fix the problem. Yesterday, a top Bush Administration official finally acknowledged that the two government programs intended to help hundreds of thousands of borrowers avoid foreclosure are having negligible effects, and studies show that many of the so-called mortgage modifications actually result in homeowners owing more on their mortgages."

"We cannot sit idly by and trust those who caused the home foreclosure crisis to fix this problem. We've tried that, and it hasn't worked. Millions of families have lost their homes, and many millions more will as well unless we act."

"The legislation that Rep. Sánchez and I plan to introduce would allow deserving homeowners to modify their loans, under the supervision of a court, a trustee, and the Department of Justice. A family would be required to repay the actual value of the home, and would allow the court to modify the predatory interest rate to market value, plus an extra risk premium. Lenders will be protected by preserving their rights to the collateral and extra interest as a cushion against possible future defaults."

"These are the same rights every other borrower has under current law, including speculators who may own hundreds of properties, owners of multi-million dollar vacation homes, yachts, and private jets," explained Sánchez. "There is no reason why families should not have the same legal protection to save their homes."

Conyers added, "In addition, our bill will make it illegal to challenge a person's right to vote based on the mere fact his or her home is in foreclosure. I learned that some partisan officials in my own state of Michigan were planning to prevent people from voting in the November election by using foreclosure lists. Our measure will put a stop to these efforts once and for all."